File No. 220/29

1929

Collection No. IV

Office of the Resident in Mysore, Bangalore.

~~Pros.~~ Serial Nos. 1 —

Subject.

Central Board of Revenue — Circulars

:0:

Previous References.

Later References.

S. 97. (Blue).

DCP—162S&P—(G-276)—9-7-29—50,000.

Circular No.10 of 1929 of the Central Board of Revenue

Draft submitted.

C V Ramanathan
15. 11. 29

15/11

Issued No. 9938, dated the 21st November, 1929,

Circular No.20 of 1929, of the Central Board of Revenue.

The circular refers to paragraph 61 of the Income Tax Manual regarding "Annual return of employes". It is not known whether with reference to this paragraph any - "anticipatory certificates" have been issued by the Income Tax authorities of the Civil and Military Station, - Bangalore. The circular apparently relates to the Civil and Military Station and not Mysore State.

A copy of the circular may be forwarded to the Assistant Commissioner of Income Tax, Civil and Military Station, for favour of necessary action.

Draft submitted.

I. T. R. Dis. No. 911-I.T./28.
CENTRAL BOARD OF REVENUE.
New Delhi, the 2nd January 1929.

My dear Pochha,

[illegible] - [illegible] -
[illegible] LIABLE TO TAX [illegible]
[illegible].

Your D. O. letter No. P.T.146/28, dated 27.9.28.

The problem stated by you is not an easy one. The only feasible method of dealing with it is to concentrate on the actual assessments. In the case postulated by you, the profits of the business will be wiped out by the allowance for depreciation and the only sum "assessed" will be the interest on tax-free securities. In other words, the percentage will be 100 and a shareholder will not be entitled to any refund.

2. The objection is recognised that the dividend may be paid out of reserves, part of which, in any case, has borne tax. But to base the percentage on the amount distributed as dividends is departing from the principle which has been adopted of calculating the percentage on the profits brought under charge. Nor is it desirable, even if feasible, to base any percentage on the average percentage applicable to the amounts, or some of them, which have been carried to the reserve.

[illegible] Yours sincerely,

[illegible] Sd. A. Haskell,-3.1.29.

[illegible] 204 8/1/29

To

Rao Bahadur J. D. Pochha, B.A., B.Sc.,
Commissioner of Income-tax,
Bombay.

I. T. Dis. No. 911(i)-I.T./28.
New Delhi, the 2nd January 1929.

Copy forwarded to all other Commissioners of Income-tax, for information.

By order, etc.,

for Secretary, Central Board of Revenue.

J. D.

No. 296. dt. 1.

Copy forwarded to The Coll^r. & Asstt. Comm^r. of Income-Tax, C & M Sb., Bangalore.

for Secy. to the Resd^t. & Comm^r. of I T.

C.V. Ramanatham
11.1.29.

Circular No. 2 of 1929.

C. No. 370-I.T/28.

CENTRAL BOARD OF REVENUE.

New Delhi, the 18th January 1929.

C I R C U L A R.

Indian Income-tax Act, XI of 1922 - Section 16 (1) - Total income - Computation of dividends - Tax to be included.

A question has been raised how the **nett** dividends actually paid should be "grossed" up in cases in which the profits of a Company do not exceed the allowance for depreciation admissible to it and which consequently pays no income-tax. Should the nett amount of dividend received by a shareholder be increased by the tax at the maximum rate, or should the **nett** dividend be viewed as his **gross** income from this source for purposes of his personal assessment or of refund under section 48 (1) of the Indian Income-tax Act, XI of 1922 ? The answer to the question is in the Board's opinion as below.

In section 16 (1) the words used are "increased by the amount of income-tax payable by the Company in respect of the dividend". It appears to the Board that the word "payable" does not mean "paid", but must be taken to mean "payable if the dividend itself were taxed in the hands of the Company". The tax at the maximum rate should, therefore, be added for purposes of personal assessment of a shareholder even if, as a fact, the Company was not taxed.

2. The question whether a refund should be granted at all to the shareholder in those cases in which the Company is not taxed in a particular year because it has no profits after the allowance of depreciation under section 10 (2) (vi) of the Act has been made, is a difficult one. It is further complicated in those cases in which a part of the income of the Company is from non-taxable sources, e.g. tax-free securities. The provisional decision of the Board is that a shareholder should get full refund even though the Company may have escaped taxation on account of the fact that there are no profits which can be taxed after making allowance for depreciation. In those cases, however, in which a part of the income is from tax-free securities or other non-taxable sources, the refund should be based on the facts of the actual assessment of the Company, as explained in the Board's Circular R. Dis. No. 911-I.T/28, dated the 2nd January 1929.

Secretary, Central Board of Revenue.

To

All Commissioners of Income-tax.

No. 1349, 9-2-29.

Copy forwarded to the Coll^r. & Asstt. Commr^r. of Income-tax, Coorg & Bangalore.

for Secy. to the Resd^t & Commr^r. of I.T.

E. C. Ramanathan
5.2.29.

VAS
5/2

CIR. NO. 5 OF 1929.
R. DIS. NO. 73-I. T.-29.

CENTRAL BOARD OF REVENUE.

New Delhi, the 28th February 1929.

CIRCULAR.

Indian Income-tax Act (XI of 1922)—Section 22 (4)—Interpretation of—. Board's Circular No. 2-242-I. T.-25, dated the 10th March 1925.

Paragraph 11 of the Circular quoted above concludes with the following sentence :—

> " In this case (even if it was not held that there had been failure to make a valid return) a notice under Section 22 (4) should have been served on the assessee calling on him to produce all his books and a profit and loss statement prepared therefrom, and if he had then not done so within a reasonable time there could have been no possible doubt that Section 23 (4) could be used ".

It has come to the notice of the Board that this sentence has caused misunderstanding ; Income-tax Officers having assumed on its authority that, in the opinion of the Board, Section 22 (4) permits an Income-tax Officer, not only to call upon an assessee to produce his books and documents already in existence, but also to prepare accounts like a profit and loss account which are not already in existence and which the assessee does not maintain for his own purposes.

2. The Board now desires to make it clear that Section 22 (4) does not confer upon the Income-tax Officer any power to ask assessees to prepare accounts which they do not already possess and do not require for their own purposes : all that that sub-section empowers the Income-tax Officer to do is to call for accounts and documents already in existence. If the Income-tax Officer has reason to believe that an assessee has a profit and loss account but will not produce it, he will of course be acting quite legally in making an assessment under Section 23 (4) ; but he should, the Board considers, record his grounds for believing that a profit and loss account is already in existence.

3. The Circular quoted at the head of this Circular was issued with reference to a case in which the assessee had offered to produce a profit and loss statement at once ; that is why paragraph 11 of that Circular was so worded. It will be seen from paragraph 2 of that Circular that the Board held—as it holds now—that an Income-tax Officer cannot proceed under Section 23 (4) because an assessee does not keep proper accounts or complete accounts, and can so proceed only if there are sufficient grounds for believing that he keeps accounts or complete accounts but has not produced them, though required in due legal form to do so.

Secretary, Central Board of Revenue.

To

All Commissioners of Income-tax.

GIPD—M835 CBR—7-3-29—1,160.

No. 3480

Office of the Resident in Mysore,
Bangalore 20th April, 1929.

Copy forwarded to the Collector & Assistant Commissioner of Income-tax, Civil & Military Station, Bangalore, for information.

Major.
for Secretary to the Resident
&
Commissioner of Income-tax.

4

12/9/29

Circular No.7 of 1929.
R.Dis.No.715.I.T.29.

CENTRAL BOARD OF REVENUE.

Simla, the 27th August 1929.

CVR 18.9.29

8757 9/9/29. 220 29

C I R C U L A R.

Income-tax refunds - Anticipated excesses under - Additional grants for - Failure to obtain, by Commissioners of Income-tax.

The Board has noticed several cases in recent years in which Commissioners of Income-tax have failed to obtain the necessary additional grants for the purpose of meeting refunds at the close of the year. The Board realises the especial difficulty of estimating refunds with any degree of accuracy, especially in view of the uncertainty of High Court decisions, some of which may be given in the concluding part of the year and may involve the repayment of large sums. Nevertheless the Board desires that Commissioners should not be misled into thinking that the fact that income-tax refunds must be paid regardless of budget considerations makes the necessity for reappropriation or supplementary grant any less urgent than in other cases. Steps xxxxx, should, therefore, be taken in future to watch expenditure under "Refunds" with the same care as expenditure under other heads and to obtain the necessary supplementary funds as soon as possible.

Secretary, Central Board of Revenue.

To

All Commissioners of Income-tax.

P.T (1)

TC.

No. 7988 / 2079 / 29

Copy forwarded to the Assistant Commissioner of Income-tax, C & M Station, Bangalore, for favour of such action as may be necessary.

27/8/29

For SECRETARY TO THE RESIDENT.

C.I.R
18.9.29

5

Circular No. 8 of 1929.

C. No. 739-I.T./29.

CENTRAL BOARD OF REVENUE.

Simla, the 27th August 1929.

C I R C U L A R.

Information disclosed by Income-tax Officers - enquiries - Opportunity to the assessees to rebut.

The procedure followed in the several provinces in cases where an assessee keeps no accounts and an Income-tax Officer frames an assessment on the result of his enquiries was discussed at the recent Conference of Commissioners of Income-tax. In some provinces the information obtained by an Income-tax Officer (but not the source of it) is disclosed to the assessee to whom the opportunity is afforded of rebutting it. In two provinces enquiries are made after the assessee has tendered evidence in support of his return, and the assessee receives no opportunity of meeting it. In other provinces the practice varies. The Board desires that in all such cases - and they would seem to be comparatively few in number - the practice followed in the first group of provinces should be followed, that is, the Income-tax Officer should disclose to the assessee the information which he has obtained (but not the source of it) and should give the assessee an opportunity of rebutting it.

2. It will be noted that the above instructions apply only to assessments made under section 23 (3) of the Income-tax Act. In regard to assessments made under section 23 (4) the Income-tax Officer is under no obligation to disclose anything to the assessee or to give him a chance of rebutting anything.

Secretary, Central Board of Revenue.

To

All Commissioners of Income-tax.

No. 7987 9/9/29

Copy forwarded to the Assistant Commissioner of Income-tax, C & M Station, Bangalore.

FOR SECRETARY TO THE RESIDENT.

6

Conference of Commissioners of Income-tax - 1929 - Agenda - Item No. 20.

Circular No. 9 of 1929.

C. No. 476-I.T/29.

CENTRAL BOARD OF REVENUE.

New Delhi, the 26th October 1929.

No. 11043 12/11/29 220 29

C I R C U L A R.

Refunds - Bearer debentures or bonds - Interest - Tax on.

Commissioners of Income-tax are requested to issue instructions to Income-tax Officers that the latter should ascertain all cases in which Companies in their jurisdiction have issued bearer debentures and should see that the certificates prescribed by Rule 13A of the Indian Income-tax Rules, 1922, are duly issued by the Companies. It is proposed to amend Rule 13A of the Rules shortly so as to require Companies to give in the certificates the names of both the actual payee and the holder of the bearer debentures concerned as far as the Companies can ascertain the names at the time of payment of interest.

Secretary, Central Board of Revenue.

To

All Commissioners of Income-tax.

No. 9891 dt 21.11.929.

Copy forwarded to the Assistant Commr. of Income-tax, C & M Station, Bangalore, for information and for favour of issuing necessary instructions to the Income-tax Officer.

14/11

For SECRETARY TO THE RESIDENT.

14.11.29

CONFIDENTIAL.

11044
12/11/29
220
29

Circular No. 10 of 1929.
R. Dis. 869(ii)—I. T./28.

CENTRAL BOARD OF REVENUE.

New Delhi, the 26th October 1929.

CIRCULAR.

Composition of offences—Indian Income-Tax Act, XI of 1922—Section 53(2)—Bargaining regarding prohibited—Income-Tax Officers not to interfere regarding—.

An unfortunate impression was created in a recent case that came before a High Court, on appeal against the inadequate fine imposed by a magistrate when passing sentence on an assessee who had been convicted of making false returns of his income. It transpired that an attempt had been made by the Department to induce the accused assessee to agree to compound the offence by the payment of a very large sum, which would have covered not only the tax to which the prosecution related, but also sums relating to a series of previous years during which he had succeeded in escaping assessment on his correct income.

2. Such bargaining is both undignified and improper. Commissioners of Income-tax are requested to issue instructions to their Assistant Commissioners to the effect that they should abstain altogether from bargaining with accused persons about the amount to be paid in order to compound any offence. The Assistant Commissioner should inform the assessee of the amount that he is prepared to accept. If the assessee agrees to pay, and pays, that sum, the case should be withdrawn, if not, it should proceed.

3. No attempt should be made to secure, by means of composition, anything in excess of the tax to which the offence relates, together with a reasonable penalty for the evasion of that tax bearing in mind the provisions of Section 28. No attempt should be made to secure the payment of tax that the assessee may have succeeded in escaping in past years which could no longer be recovered by any legal means.

4. Of course any offer of composition spontaneously made by the assessee may be accepted, if it is considered adequate; and if he voluntarily includes in his offer "conscience money" in respect of past misdeeds to which the prosecution does not relate it should not be refused.

5. Income-tax Officers should hold no communication with assessees in regard to the composition of offences that they may have committed. The legal authority to compound offences vests in the Assistant Commissioner and he alone should deal with the matter.

Secretary, Central Board of Revenue.

To

All Commissioners of Income-Tax.

G1PD—622 (c) CBR—5-11-29—1,160.

[R. O. 106 (a)].

CONFIDENTIAL

All communications should be addressed to the Secretary to the Resident in Mysore, Bangalore, by designation and not by name.

OFFICE OF THE RESIDENT IN MYSORE,

Bangalore, 21/11/ 1929

No. 9938 ENCLS. /

A copy of the marginally* noted Circular letter, with enclosure, is forwarded to the Assistant Commissioner of Income tax, C. & M. Station, Bangalore, for information and for favour of issuing necessary instructions to the Income-tax Officer.

*No. 10 of 1929 dated 26-10-29 from the Central Board of Revenue. R.Dis.869(ii)-I.T./28

Secretary to the Resident.

532—15-9-1927—5,000—RPB.

9

Conference of Commissioners of Income-tax—1929—Agenda—Item No. 25.

Circular No. 12 of 1929.
R. Dis. No. 316-I. T.—29.

CENTRAL BOARD OF REVENUE.

11267
18/4/29

New Delhi, the 30th October 1929.

CIRCULAR.

Refunds—Indian Income-tax Act, XI of 1922—Section 48—Dividends—Shareholders—Company not liable to assessment owing to profits not exceeding the depreciation allowance.

The orders contained in Board's R. Dis. 911(i) I. T.—28, dated the 2nd January 1929, are cancelled.

2. When the amount distributed by a Company as dividends exceeds the total income, profits or gains as calculated for income-tax purposes of the Company in the year in question, taxed and untaxed (which formula of course includes cases where there is no income, profits or gains, or a loss, for example where net receipts from non-tax-free sources are wiped out or exceeded by the depreciation allowance) the refunds to shareholders should be calculated with reference to the proportion borne by the tax-free income to the total amount distributed less the tax-free income.

3. This method is consistent with the usual convention by which it is assumed that whatever is distributed is distributed out of profits taxed at the appropriate rate. Since it is thus always assumed that reserves have been taxed it does not seem to be unreasonable to suppose that tax-free income is always distributed at once. Cases where the tax-free income exceeds the amount distributed are hardly likely to be numerous and unless in such cases an account is to be kept of the amount of such income carried forward to reserve (which seems to be an undesirable complication) the only course is to ignore such cases.

Secretary, Central Board of Revenue.

To

The Commissioner of Income-tax, Bombay, with reference to his D. O. No. P. I.-435/28, dated the 6th April 1929, and letter P. J.-435/28, dated the 29th June 1929.

Copy forwarded to other Commissioners of Income-tax.

No.

Copy forwarded to the Assistant Commr. of Income-tax, C & M Station, Bangalore, in continuation of the endorsement No.496, dated the 15th January, 1929.

G1PD—644 CBR—11-11-29—1,160.

For : SECRETARY TO THE RESIDENT.

R. Dis. No. 911-I.T./29. CENTRAL BOARD OF REVENUE.

New Delhi, the 11th November 1929.

My dear Graham,

INDIAN INCOMETAX ACT (XI-22) - SECTION 22 (2)- NOTICE UNDER- "WITHIN 30 DAYS"- INTERPRETATION OF.

Your D.O. No. 253-R/29-30, dated 28-10-29.

I can't see that there is anything in this contention or any cause for apprehension so far as the working of the notice under Section 22 (2) is concerned which is identical with that of the section and must, therefore, be perfectly legal. The only possibility of trouble arising is in connection with the interpretation in practice of the words "within 30 days". In computing this period the terminal days should be excluded so that if a notice under Section 22 (2) is received by the assessee on May 1st a return will be in time if received not later than June 1st.

Yours sincerely,

A. TOTTENHAM,

11-11-29.

12

To

Hubert Graham, Esqr., I.C.S.,
Commissioner of Income-tax, Bihar & Orissa,
Hinoo, P.O. (Ranchi).

Circular No. 13 of 1929.

Endst. R. Dis. No. 911 (i)-I.T./29.

Copy forwarded to all Commissioners of Income-tax, except Bihar & Orissa.

By order, etc.,

for Secretary, Central Board of Revenue.

No.

Copy forwarded to the Assistant Commr. of Income-tax, C & M Station, Bangalore.

No. 10149 d/ 27.11.29

Copy forwarded to the Assistant Commr. of Income-tax, C & M Station, Bangalore.

26/11

For Secretary to the Resident.

CVR 26.11.29

Td 27/11 KKN

Circular No. 14 of 1929.

R. Dis. No. 701-I.T./28.

CENTRAL BOARD OF REVENUE.

New Delhi, the 14th November 1929.

C I R C U L A R.

ALLOWANCES IN ASSESSING BUSINESS INCOME - DEPRECIATION ALLOWANCE - INDIAN INCOMETAX ACT (XI-22) - SECTION 10 (2) (vi) - PROVISO (b) - EXCESS DEPRECIATION - ~~WHEN PERMISSIBLE~~ - SET OFF — when permissible.

Board's Circular R. Dis. No. 22 of 1927 / 685-I.T./26, dated the 18th September 1927.

In view of two recent decisions of High Courts in different Provinces, the Board has decided to cancel the circular quoted above. In future, where an assessee owns more businesses than one, any part of the depreciation allowance in respect of one business, that cannot be set off against the profits of the same business, owing to the profits in question being insufficient, shall be set off, if possible, against the profits for the same year of any other business or businesses owned by the assessee. Any amount of depreciation that cannot be set off against the assessee's business profits for the same year, whether he owns one business or more, shall be set off under Section 24 against his income profits or gains under any other head in that year. Any part of the depreciation allowance due to an assessee that cannot be set off against his income, profits or gains under all heads for the year in question, shall be carried forward to the next year under proviso (b) to sub-section (2) (vi) of Section 10 of the Act.

2. The procedure indicated above should be followed in all cases; that is to say, the assessee should not be allowed the option of either setting off unabsorbed depreciation allowance against the profits of any other business or against other heads of income profits or gains on the one hand or carrying it forward on the other.

3. The instructions conveyed in this circular should be observed in respect of all future assessments, and of all cases in which appellate or review proceedings are now pending.

Secretary, Central Board of Revenue.

To

All Commissioners of Incometax.

No. 11316 / 3.12.29

Copy forwarded to the Assistant Commr. of Income-tax, C & M Statio

Bangalore.

A8 30/11

For Secretary to the Resident.

[O.106(a).]

ll communications
ould be addressed
the Secretary to the
Resident in Mysore,
Bangalore,
esignation and not by name.

OFFICE OF THE RESIDENT IN MYSORE,

Bangalore, 16th August 1930

No. 647/ Enclos. /

A copy of the marginally* noted paper ~~letter, with enclosure~~, is forwarded

*No. 20 of 1929
C.No.~~22~~ 1024-I.T./29
dated the 28th December 1929
from the
Central Board of Revenue

to the Assistant Commr. of Income-tax,
C & M Station, Bangalore, ~~for information and~~ for favour of necessary action.

for Secretary to the Resident

1212—16-3-1929—5,000—RPB.

ACT No. III OF 1928.

[PASSED BY THE INDIAN LEGISLATURE.]

(*Received the assent of the Governor General on the 13th March, 1928.*)

An Act further to amend the Indian Income-tax Act, 1922, for certain purposes.

XI of 1922. WHEREAS it is expedient further to amend the Indian Income-tax Act, 1922, for certain purposes hereinafter appearing; It is hereby enacted as follows:—

Short title and commencement.

1. (*1*) This Act may be called the Indian Income-tax (Amendment) Act, 1928.

(*2*) It shall come into force on the 1st day of April, 1928.

Amendment of section 10, Act XI of 1922.

2. In sub-section (*2*) of section 10 of the Indian Income-tax XI of 1922. Act, 1922 (hereinafter referred to as the said Act),—

(*a*) after clause (*vii*) the following clause shall be inserted, namely:—

"(*viia*) in respect of animals which have been used for the purposes of the business otherwise than as stock in trade and have died or become permanently useless for such purposes, the difference between the original cost to the assessee of the animals and the amount, if any, realised in respect of the carcasses or animals"; and

(*b*) after clause (*ix*) the following proviso shall be inserted, namely:—

"Provided that nothing in clause (*viii*) or clause (*ix*) shall be deemed to authorise the allowance of any sum paid on account of any cess, rate or tax levied on the profits or gains of any business or assessed at a proportion of or otherwise on the basis of any such profits or gains."

Amendment of section 14, Act XI of 1922.

3. In clause (*b*) of sub-section (*2*) of section 14 of the said Act, after the words "his share in the firm" the words "at the time of such assessment" shall be added.

4. After

Price 1 anna or 1½d.]

Insertion of new section 25A in Act XI of 1922.

4. After section 25 of the said Act the following section shall be inserted, namely:—

Assessment after partition of a Hindu undivided family.

"25A. (*1*) Where, at the time of making an assessment under section 23, it is claimed by or on behalf of any member of a Hindu family hitherto undivided that a partition has taken place among the members of such family, the Income-tax Officer shall make such inquiry thereinto as he may think fit, and, if he is satisfied that a separation of the members of the family has taken place and that the joint family property has been partitioned among the various members or groups of members in definite portions before the end of the previous year, he shall record an order to that effect:

Provided that no such order shall be recorded until notices of the inquiry have been served on all the members of the family.

(*2*) Where such an order has been passed, the Income-tax Officer shall make an assessment of the total income received by or on behalf of the joint family as such, as if no separation or partition had taken place, and each member or group of members shall, in addition to any income-tax for which he or it may be separately liable and notwithstanding anything contained in sub-section (*1*) of section 14, be liable for a share of the tax on the income so assessed according to the portion of the joint family property allotted to him or it;

and the Income-tax Officer shall make assessments accordingly on the various members and groups of members in accordance with the provisions of section 23:

Provided that all the separated members and groups of members shall be liable jointly and severally for the tax assessed on the total income received by or on behalf of the joint family as such."

Amendment of section 26, Act XI of 1922.

5. For section 26 of the said Act the following section shall be substituted, namely:—

Change in constitution of a firm.

"26. (*1*) Where, at the time of making an assessment under section 23, it is found that a change has occurred in the constitution of a firm or that a firm has been newly constituted, the assessments on the firm and on the members thereof shall, subject to the provisions of this Act, be made as if the firm had been constituted throughout the previous year as

as it is constituted at the time of making the assessment, and as if each member had received a share of the profits of that year proportionate to his interest in the firm at the time of making the assessment.

Change of ownership of business.

(2) Where, at the time of making an assessment under section 23, it is found that the person carrying on any business, profession or vocation has been succeeded in such capacity by another person, the assessment shall be made on such person succeeding, as if he had been carrying on the business, profession or vocation throughout the previous year, and as if he had received the whole of the profits for that year."

Amendment of section 35, Act XI of 1922.

6. In sub-section (*1*) of section 35 of the said Act,—

(*a*) before the words "The Income-tax Officer may" the following words shall be inserted, namely:—

"The Commissioner or Assistant Commissioner may, at any time within one year from the date of any order passed by him in appeal or, in the case of the Commissioner, in revision under section 33 and";

(*b*) for the words "of the assessment" the words "of the appeal, revision or assessment, as the case may be," shall be substituted;

(*c*) for the words "such assessee" the words "the assessee" shall be substituted; and

(*d*) in the proviso, for the words "the Income-tax Officer" the words "the Commissioner, the Assistant Commissioner or the Income-tax Officer, as the case may be," shall be substituted.

Amendment of section 42, Act XI of 1922.

7. In section 42 of the said Act, the following sub-section shall be added, namely:—

"(*3*) Where any profits or gains have accrued or arisen to any person directly or indirectly from the sale in British India by him or by any agency or branch on his behalf of any merchandise exported to British India by him or any agency or branch on his behalf from any place outside British India, the profits or gains shall be deemed to have accrued and arisen and to have been received in British India, and no allowance shall

shall be made under sub-section (*2*) of section 10 in respect of any buying or other commission whatsoever not actually paid, or of any other amounts not actually spent, for the purpose of earning such profits or gains."

Amendment of section 46, Act XI of 1922.

8. After sub-section (*1*) of section 46 of the said Act the following sub-section shall be inserted, namely:—

"(*1A*) For the purposes of sub-section (*1*), the Income-tax Officer may direct the recovery of any sum less than the amount of the arrears and may enhance the sum so directed to be recovered from time to time in the case of a continuing default, so however that the total sum so directed to be recovered shall not exceed the amount of the arrears payable."

Amendment of section 48, Act XI of 1922.

9. In section 48 of the said Act, the following sub-sections shall be added, namely:—

"(*4*) For the purposes of this section, 'total income' includes, in the case of any person not resident in British India, all income, profits and gains wherever arising, accruing or received, which, if arising, accruing or received in British India, would be included in the computation of total income under section 16.

(*5*) Nothing in this section shall entitle to any refund any person not resident in British India who is neither a British subject as defined in section 27 of the British Nationality and Status of Aliens Act, 1914, nor a subject of a State in India." 4 & 5 Geo. 5, c. 17.

Amendment of section 56, Act XI of 1922.

10. The proviso to section 56 of the said Act shall be omitted.

Amendment of section 66, Act XI of 1922.

11. In the proviso to sub-section (*2*) of section 66, for the word "review" the word "revision" shall be substituted.

MGIPC—L—IX-17—15-4-28—8,000.